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## **RHB INKS WORLD'S LARGEST ISLAMIC BILATERAL HOTEL FINANCING DEAL**

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**Singapore, 11 July 2018** – RHB Bank Singapore, a branch of Malaysia's fourth largest banking group, RHB Bank Berhad, recently completed the world's largest Islamic bilateral hotel financing deal with the Royal Group, for a 5-star luxury hotel valued at SGD300million. The Singapore-based Royal Group is involved in the development and management of real estate primarily in the Asia Pacific region.

The deal involves the 5-star SO Sofitel Singapore Hotel, as the underlying asset, marking this deal as one of the largest Islamic hotel financing transactions globally.

The rarity value of this deal is with respect to hospitality-related assets being used for Islamic financing which was previously considered taboo as not all income is deemed to be Shariah compliant. In the past, hotel businesses were considered Shariah compliant if sales of alcohol did not exceed more than 20% of total revenue. In April 2016, the Shariah Advisory Council of the Securities Commission Malaysia, resolved that the 20% rule is no longer applicable as the main purpose of operating hotels and resorts is to provide accommodation. This deal also marks Singapore's first Islamic bilateral hotel financing transaction and the first Islamic real estate financing in Singapore's core central business district.

Mr. Nazmi Camalxaman, Head of Islamic Banking at RHB Bank Singapore said: "RHB Bank Singapore is focusing on a niche and targeted market for Islamic financing. We see hospitality assets as one of the best performing real estate classes in Singapore and we will continue to remain aggressive in this sector from a financing perspective".

"Market consensus is that there is a diminishing new supply of hotels in Singapore, particularly after 2020, and for the first time in five years, the Government is expected to launch a site for hotel rooms as part of its Government Land Sales (GLS) programme in September 2018 amid a positive tourism outlook. Hence our optimism in this sector is due to the combination of

dwindling hotel stock and the fact that there is a national target for international visitors to reach 20 million per annum by 2020” added Nazmi.

Mr. Bobby Hiranandani, co-Chairman of the Royal Group of Companies said, “Embarking on this deal with RHB Bank is an exciting journey. This is our first Islamic financing facility and it shows that the Group is open to alternative financing so long as the economics makes sense”.

SO Sofitel Singapore is a 134-room hotel located in an iconic historical building at the heart of the CBD built in 1927. The hotel opened its doors in 2013 and is one of the most popular hotels in downtown Singapore uniquely attracting both business travellers and tourists.

The Royal Group of Companies was established in 1947 and their portfolio includes a wide range of properties with an enterprise value of over SGD4 billion. The Group currently owns seven hotel assets of which four are in Singapore including SO Sofitel Singapore and Sofitel Singapore Sentosa Resorts & Spa. Overseas, the Group’s Hotel portfolio comprises of DoubleTree by Hilton and Hilton Garden Inn—both in Kuala Lumpur. The Group also has five hotels in its pipeline in Singapore, Maldives and Malaysia.

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### **About RHB Singapore**

RHB Singapore, a branch of Malaysian based RHB Banking Group was first established in 1961 through a series of rapid expansion and strategic mergers. For more than half a century in Singapore, RHB has garnered invaluable financial experience and transferred those insights of service excellence on to clients, helping individuals and corporations fulfil their financial goals. RHB Singapore’s core businesses are streamlined into nine pillars, namely Personal Financial Services and Wealth Management, Commercial Banking, Corporate Banking, Branch Banking Centers, Treasury, Structured Finance as well as Investment Banking, Brokerage and Asset Management businesses.

The RHB Banking Group is a multinational regional financial services provider that is committed to deliver complete solutions to customers through differentiated segment offerings and an ecosystem that supports simple, fast and seamless customer experience, underpinned by a cohesive and inspired workforce and relationship built with our stakeholders. The Group’s presence spans ten countries in ASEAN including Hong Kong.

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